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# ENTERPRISE ECONOMICS

## Debt Repayment Capacity

1991

ENTERPRISE ECONOMICS

MAR 20 1991

ACQUISITION & SERVICES  
2100 N. UNIVERSITY

## Guidelines and Resource Materials for Educational Meetings

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## GRAIN FARM -- INCOME

<b>Acreage</b>	<b>Crop</b>	<b>Yield</b>	<b>Price</b>	<b>Income</b>
1,500	Total	--	--	--
45	Corn ARP	0	\$ 0	\$ 0
555	Corn	120	2.40	159,840
465	Corn	110	.35	17,903
600	Soybeans	40	5.75	138,000
45	Wheat ARP	0	0	0
255	Wheat	60	2.75	42,075
255	Wheat	55	1.25	17,531
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TOTAL				\$375,349
Per Acre				\$ 250

## GRAIN FARM -- VARIABLE COSTS

<u>Acreage</u>	<u>Crop</u>	<u>Var. Cost / A</u>	<u>Var. Costs</u>
90	ARP	\$ 10	\$ 900
555	Corn	160	88,800
600	Soybeans	110	66,000
255	Wheat	110	28,050
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TOTAL			\$183,750
Per Acre			\$ 123

# GRAIN FARM -- ESTIMATED INCOME TAX

	<b>Rent 100 %</b>	<b>Rent 50 %</b>	<b>Own 100 %</b>
<b>Cash Receipts</b>	<b>\$375,000</b>	<b>\$375,000</b>	<b>\$375,000</b>
<b>- Variable Costs</b>	<b>184,000</b>	<b>184,000</b>	<b>184,000</b>
<b>- Depreciation</b>	<b>30,000 @ \$20</b>	<b>38,000 @ \$25</b>	<b>53,000 @ \$30</b>
<b>- Land Rent @ \$75</b>	<b>113,000</b>	<b>56,000</b>	<b>0</b>
<b>- Real Estate Taxes @ \$10</b>	<b>0</b>	<b>8,000</b>	<b>15,000</b>
<b>- Interest @ 11%<sup>1/</sup></b>	<b>24,000</b>	<b>39,000</b>	<b>56,000</b>
<b>= Taxable Income</b>	<b>\$ 24,000</b>	<b>\$ 50,000</b>	<b>\$ 67,000</b>
<b>Taxes / Social Security</b>	<b>7,000</b>	<b>15,000</b>	<b>21,000</b>

<sup>1/</sup> Variable Cost + Rent @ 11 % for 9 months  
Machinery @ \$150/A + land @ 1,500/A @ 15 % D/A @ 11%

## GRAIN FARM -- CAPITAL/ DEBT SERVICE

	<b>Rent 100 %</b>	<b>Rent 50 %</b>	<b>Own 100 %</b>
<b>Cash Receipts</b>	<b>\$375,000</b>	<b>\$375,000</b>	<b>\$375,000</b>
<b>- Variable Costs</b>	<b>184,000</b>	<b>184,000</b>	<b>184,000</b>
<b>- Land Rent</b>	<b>113,000</b>	<b>56,000</b>	<b>0</b>
<b>- Real Estate Taxes</b>	<b>0</b>	<b>8,000</b>	<b>15,000</b>
<b>- Taxes/Social Security</b>	<b>7,000</b>	<b>15,000</b>	<b>21,000</b>
<b>- Family Living</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
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<b>= Debt Service</b>	<b>\$ 21,000</b>	<b>\$ 62,000</b>	<b>\$105,000</b>

## GRAIN FARM -- DEBT CAPACITY

	<b>Rent 100 %</b>	<b>Rent 50 %</b>	<b>Own 100 %</b>
<b>Debt Service</b>	<b>\$ 21,000</b>	<b>\$ 62,000</b>	<b>\$105,000</b>
<b>Debt Service / A</b>	<b>14</b>	<b>41</b>	<b>70</b>
<b>Rent and/or Debt Payment / A</b>	<b>90</b>	<b>80</b>	<b>70</b>
<b>Debt / Acre</b>			
<b>Machinery (5 yrs. @ 11 %)</b>	<b>50</b>	<b>50</b>	<b>50</b>
<b>Land (20 yrs. @ 11 %)</b>			
<b>/ Acre</b>	<b>--</b>	<b>200</b>	<b>450</b>
<b>/ Owned Acre</b>	<b>--</b>	<b>400</b>	<b>450</b>

## DAIRY FARM -- DESCRIPTION

	Milk	Sold	Per	Cow (lbs.)
	15,000	18,000		21,000

### Animals

Cows	1.00	1.00	1.00
Heifers	.75	.75	.75

### Crop Acres

Corn Silage	.63	.63	.58
Corn Grain	.50	.62	.85
Alfalfa	1.01	1.01	.94

# DAIRY FARM -- ESTIMATED TAXES

	<u>Milk Sold Per Cow (lbs.)</u>		
	<u>15,000</u>	<u>18,000</u>	<u>21,000</u>
Receipts	\$ 2,025	\$ 2,352	\$ 2,652
Crop Expenses			
- Corn Grain	82	101	139
- Corn Silage	100	100	92
- Alfalfa	138	138	129
- Livestock Expenses	540	642	755
- Depreciation	225	225	225
- Real Estate Taxes	30	30	30
- Interest	110	165	220
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= Taxable	\$ 800	\$ 951	\$ 1,062
Taxes/ Social Security	\$ 240	\$ 287	\$ 335



## DAIRY FARM -- DEBT SERVICE

	Milk Sold Per Cow (lbs.)		
	15,000	18,000	21,000
Receipts	\$ 2,025	\$ 2,352	\$ 2,652
- Crop Expenses	320	339	360
- Livestock Expenses	540	642	755
- Real Estate Taxes	30	30	30
- Family Living	714	714	714
- Taxes	240	287	335
= Debt Service	\$ 181	\$ 340	\$ 458
Debt Service Per Month	\$ 15	\$ 28	\$ 38

## DAIRY FARM -- DEBT CAPACITY

	<b>Milk</b>	<b>Sold</b>	<b>Per</b>	<b>Cow (lbs.)</b>
	<b>15,000</b>	<b>18,000</b>		<b>21,000</b>
<b>Debt Service Per Month</b>	<b>\$ 15</b>	<b>\$ 28</b>		<b>\$ 38</b>
<b>3-year Debt</b>	<b>152</b>	<b>284</b>		<b>387</b>
<b>7-year Debt</b>	<b>292</b>	<b>545</b>		<b>740</b>
<b>20-year Debt</b>	<b>484</b>	<b>904</b>		<b>1,227</b>
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<b>Total</b>	<b>\$ 928</b>	<b>\$ 1,733</b>		<b>\$ 2,354</b>
<b>Safe</b>	<b>\$ 800</b>	<b>\$ 1,500</b>		<b>\$ 2,000</b>